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9 April 2019

Company Announcements Office  
ASX Limited  
Exchange Centre  
20 Bridge Street  
SYDNEY NSW 2001

Dear Sir/Madam

**UBS 2019 Australian Emerging Companies Conference Presentation**

Please find attached the UBS 2019 Australian Emerging Companies Conference Presentation to be presented later today.

Yours faithfully  
**Imdex Limited**

A handwritten signature in blue ink, appearing to read "P. Evans", with a long horizontal flourish extending to the right.

**Paul Evans**  
Company Secretary



COREVIBE™ trials at IMDEX test site

# IMDEX UBS Presentation

Australian Emerging Companies Conference Series: Mining Services

Bernie Ridgeway – Managing Director

9 April | 2019 CONFIDENTIAL – Property of © IMDEX Limited





We are a leading global mining equipment, technology and services (METS) company



Our solutions improve the process of identifying and extracting what is below the earth's surface

We let clients know where it is and what it is...now.



for drilling contractors and resource companies



**Our vision is to be the leading provider of real-time subsurface intelligence solutions to the global minerals industry.**

# Leading Global METS Company



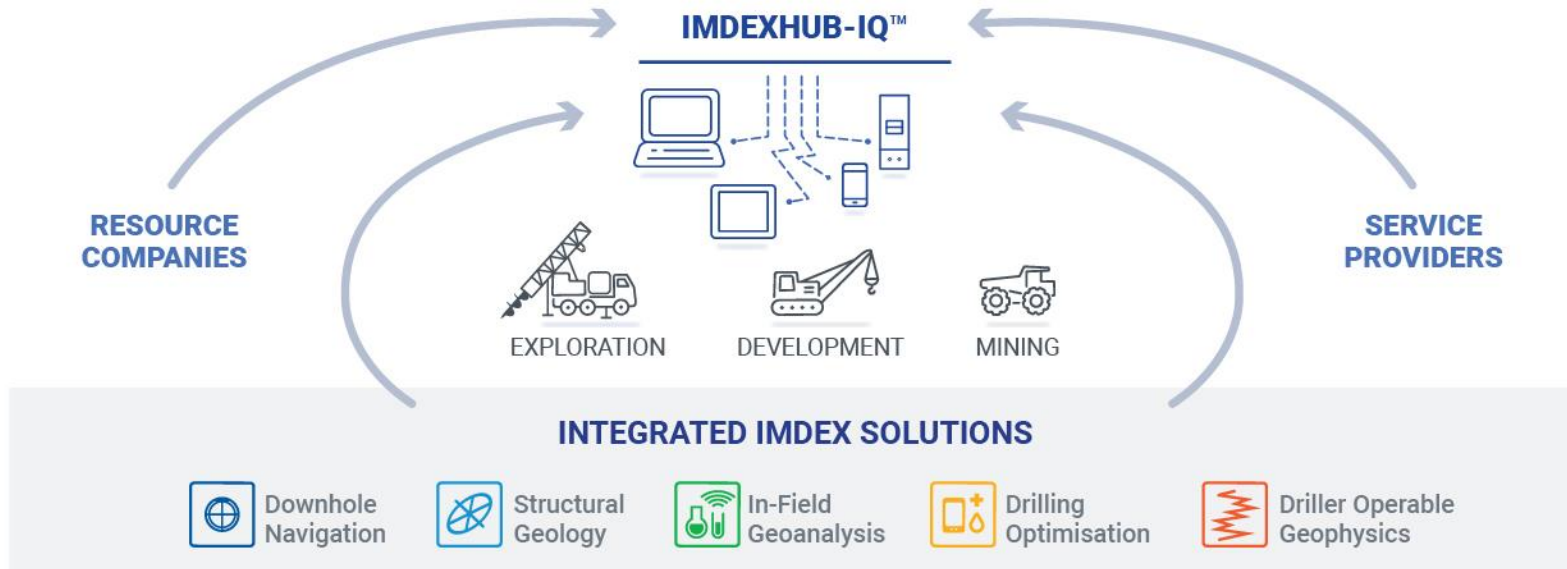
## Unique competitive position

<b>ECONOMIES OF SCALE</b>	The leading provider of subsurface intelligence solutions globally with the ability to deliver in virtual real-time via IMDEX HUB-IQ™. Good leverage as the market grows.
<b>LEADING BRANDS ON MAJORITY OF SITES</b>	AMC and REFLEX are dominant within the global minerals industry and have a strong reputation for quality, accuracy and ease-of-use.
<b>UNIQUE MARKET LEADING TECHNOLOGIES</b>	Increasing range of IP protected technologies. World-class R&D facilities and in-house capabilities.
<b>STRONG CLIENT RELATIONSHIPS</b>	Longstanding relationships with drilling contractors, resource companies and other service providers. Excellent in-field support.
<b>NO TRUE GLOBAL COMPETITORS</b>	IMDEX's integrated technology and service offering is unmatched globally.
<b>ROBUST BALANCE SHEET</b>	Disciplined approach to capital management. Net cash position with the ability to leverage opportunities for organic and transformational growth.
<b>STRONG GOVERNANCE AND LEADERSHIP</b>	Highly capable and experienced Board and leadership team.
<b>SUSTAINABLE EARNINGS GROWTH</b>	Developing solutions for all phases of the mining value chain including exploration, development and mining.

# Delivering Value to Clients

Technical leadership & integrated IMDEX solutions

## QUALITY DATA & CHAIN OF CUSTODY



## STREAMLINE PROCESSES & TIMELY INFORMATION



# Key Financial Metrics

31 December 2018

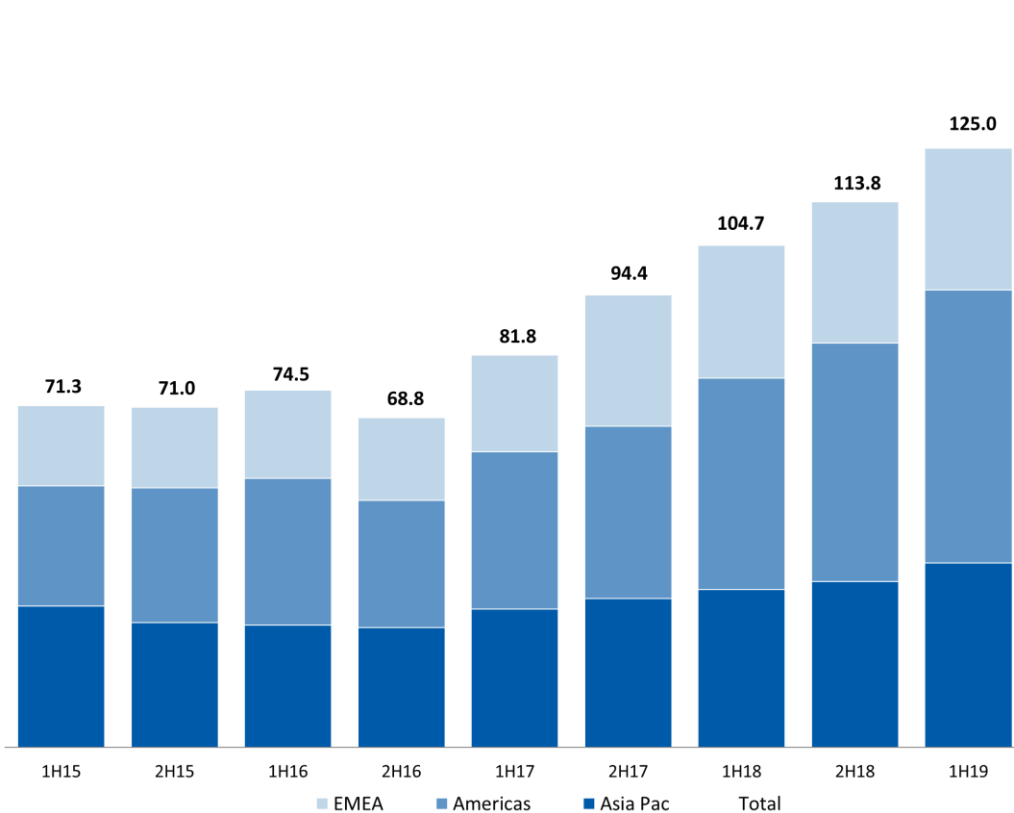


	1H FY19 \$m	1H FY18 \$m	VAR \$m	VAR%
Revenue	125.0	104.7	20.3	19% ▲
EBITDA	25.2	20.1	5.1	25% ▲
NPAT	13.5	10.6	2.9	27% ▲
EPS (cents)	3.65	2.89	0.76	26% ▲
Operating cash flow	19.0	2.1	16.9	805% ▲
Fully-franked interim dividend declared (cents)	0.8	-	0.8	-

- Significant uplift in all key financial metrics
- Conservatively geared with strong net cash position \$20.6m

# Revenue by Region

1H19 revenue up 19% on 1H FY18



Minerals revenue only (\$m)

3Q FY19  
revenue  
up on pcp

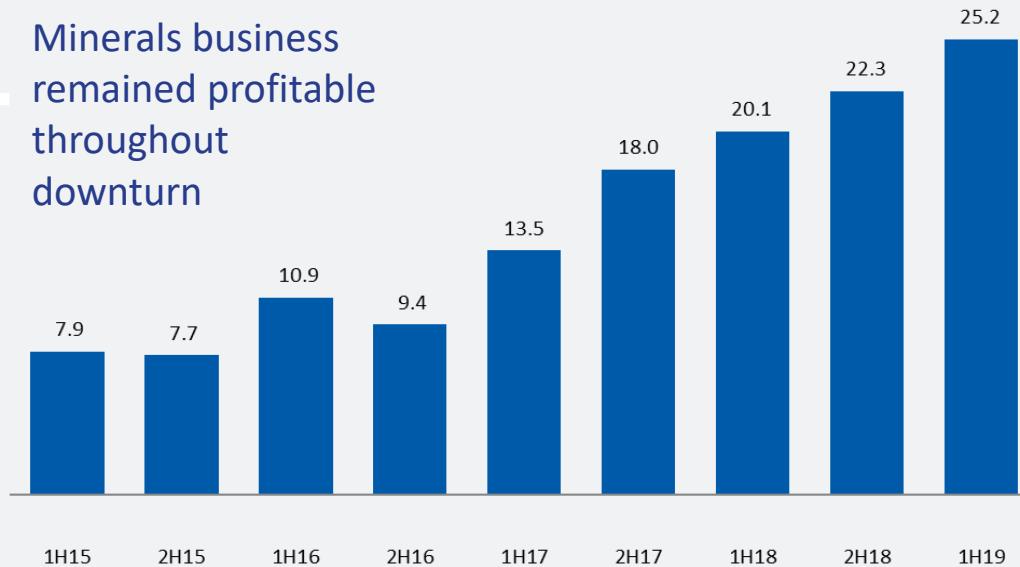
- Increasing activity globally, albeit, at a slower rate (S&P: CY19 ~5% - 10%)
- Improving quality of rental fleet – generally commands higher rental rates

# EBITDA

## Strong earnings growth



Minerals business remained profitable throughout downturn



*Minerals EBITDA only (\$m)*

1H FY19  
EBITDA up  
25% on pcp

- Strong earnings growth over past 2 – 3 years, gross margins have been maintained
- Ongoing investment in core products for organic growth
- Net investment in transformational initiatives forecast to be ~\$8.0m for FY19
- Impact of transformational investment expected to reduce substantially from FY20 – a component of these costs will cease and the balance will largely be off-set by additional revenue and efficiency gains



# Market Overview

## Steady increase in activity globally



- S&P forecast non-ferrous exploration budgets to increase 5% - 10% for CY19
- Macro geopolitical concerns – tapering global growth, Brexit and the US / China trade tensions – are impacting capital markets
- The ability for juniors to raise funds is challenging, particularly in Canada
- Base metal prices are relatively robust – gold remains strong
- Dearth of recent discoveries, major explorers are focusing on brownfield projects
- Majors have highlighted opportunities to find new deposits at depth
- New mines – **under ground cover, deeper, more drilling**, higher costs and longer development times
- Importance of **drilling productivity technologies** and innovation to lower costs, increase productivity and safety

# Growth Strategy

## High-level overview



We have a clear objective of delivering **sustainable earnings growth** for our shareholders via a two-tiered strategy, which includes organic and transformational growth.



**Organic growth** focuses on protecting and growing our **core business**, while maintaining and enhancing our technical leadership.



**Transformational growth** is extension into **new market segments** within exploration, mining and production including: drilling productivity (COREVIBE<sup>TM</sup> and MAGHAMMER<sup>TM</sup>); and Drill & Blast (IMDEX Mining Solutions).

# Organic Growth

Protecting and growing our core business



*IMDEX GYRO SPRINT-IQ™ – surveys 150 metres per minute, 3 times faster and more accurately. Connected to IMDEX HUB-IQ™ for real-time data access.*



*IMDEX Seequent link - real-time 3D visualization of subsurface data*



*IMDEX MUD AID™ – remotely monitored, in-field mud testing unit, designed to optimise and automate fluid management.*

# Transformational Growth

## Flexidrill transaction update

- Entered Secondary Option Period to progress COREVIBE™ & MAGHAMMER™ technologies towards commercialisation
- IMDEX's controlled testing site in New Zealand accelerated R&D process
- Transaction is considered viable on COREVIBE™ technology alone
- IMDEX expects to exercise its Option to acquire Flexidrill in December 2019

Transaction structure allowed for comprehensive testing and market acceptance before committing to purchase

Acquisition is expected to be earnings accretive within 12 months of the exercise date

# COREVIBE™

## Technology Overview

Unique drilling productivity technology for diamond drilling. The COREVIBE™ increases penetration rates and reduces core blockages.

### TRADITIONAL DRILLING

 67 SHIFTS



500m  
1000m  
1500m  
2000m

### COREVIBE™

 47 SHIFTS

UP TO 30% PRODUCTIVITY IMPROVEMENT



Minimises hole deviation with high penetration rates

Improves penetration rates

Reduces tripping of inner tube for blockages

Extends bit life

## Benefits for IMDEX

- Attractive addressable market ~ 1800 coring rigs at current drill rig utilisation rates
- No modification to drill rig or drilling process needed – COREVIBE™ slots straight into drill string
- Strong industry demand for greater productivity – drilling is becoming deeper and more expensive
- Trials have achieved >30% increase in productivity – externally validated by SGS
- Unique technology with strong IP protection – no direct competitors
- Doesn't cannibalize existing product offering – excellent synergies to offer complementary products
- The technology has integrated operational synergies with existing IMDEX products (our unique drilling fluid, core orientation and drill hole survey systems)
- Ability to generate additional rental revenue per month
- Ability to leverage our existing cost base and infrastructure globally

# COREVIBE™

## Timelines

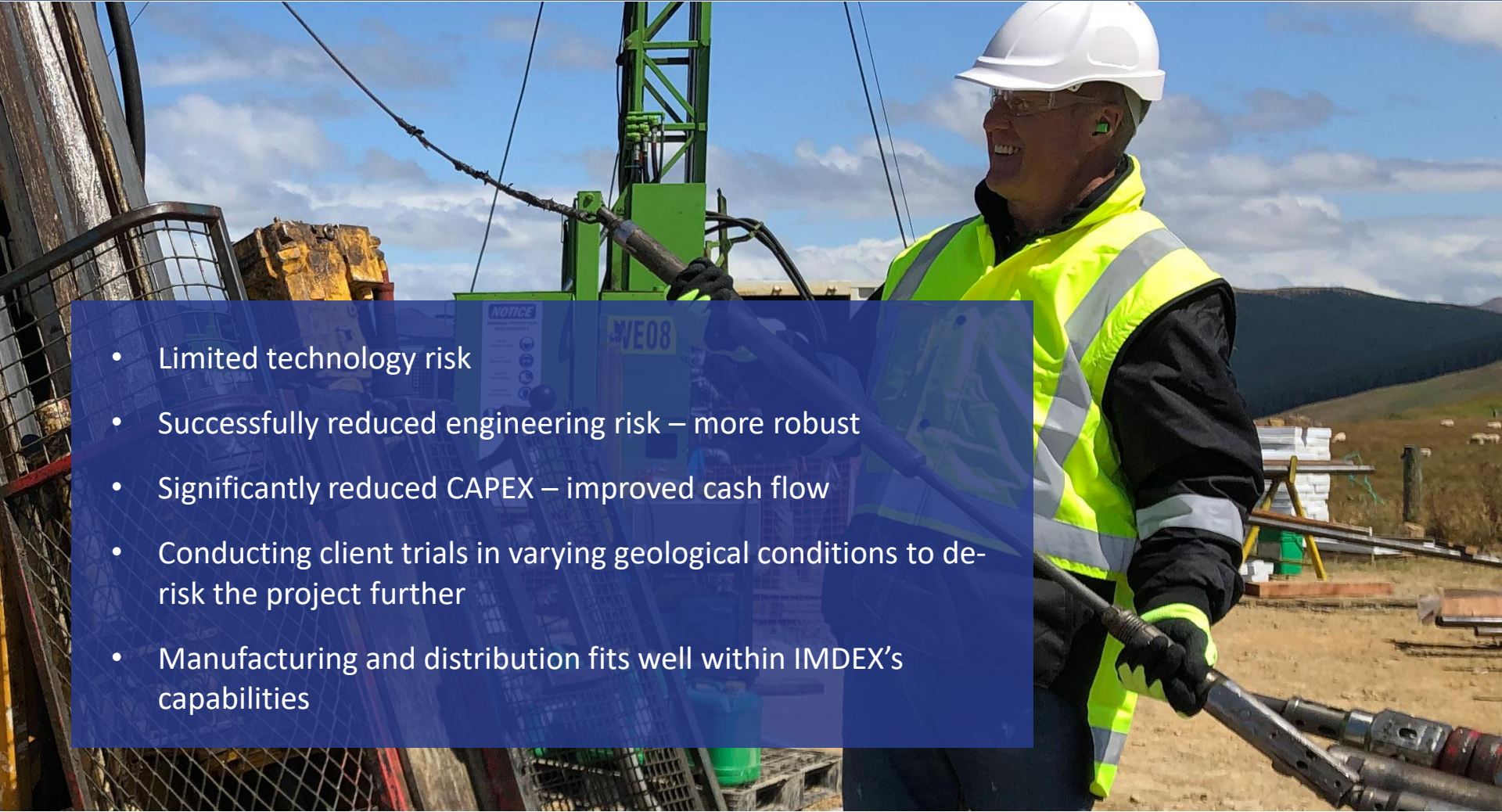
- Trials with clients commenced in 4Q FY19 in Australia
- Commercial prototypes expected to be on rent 1Q FY20 in Australia and 2Q FY20 in the USA
- Currently establishing supply chain



COREVIBE™ trials at IMDEX test site

# COREVIBE™

## Project Risk

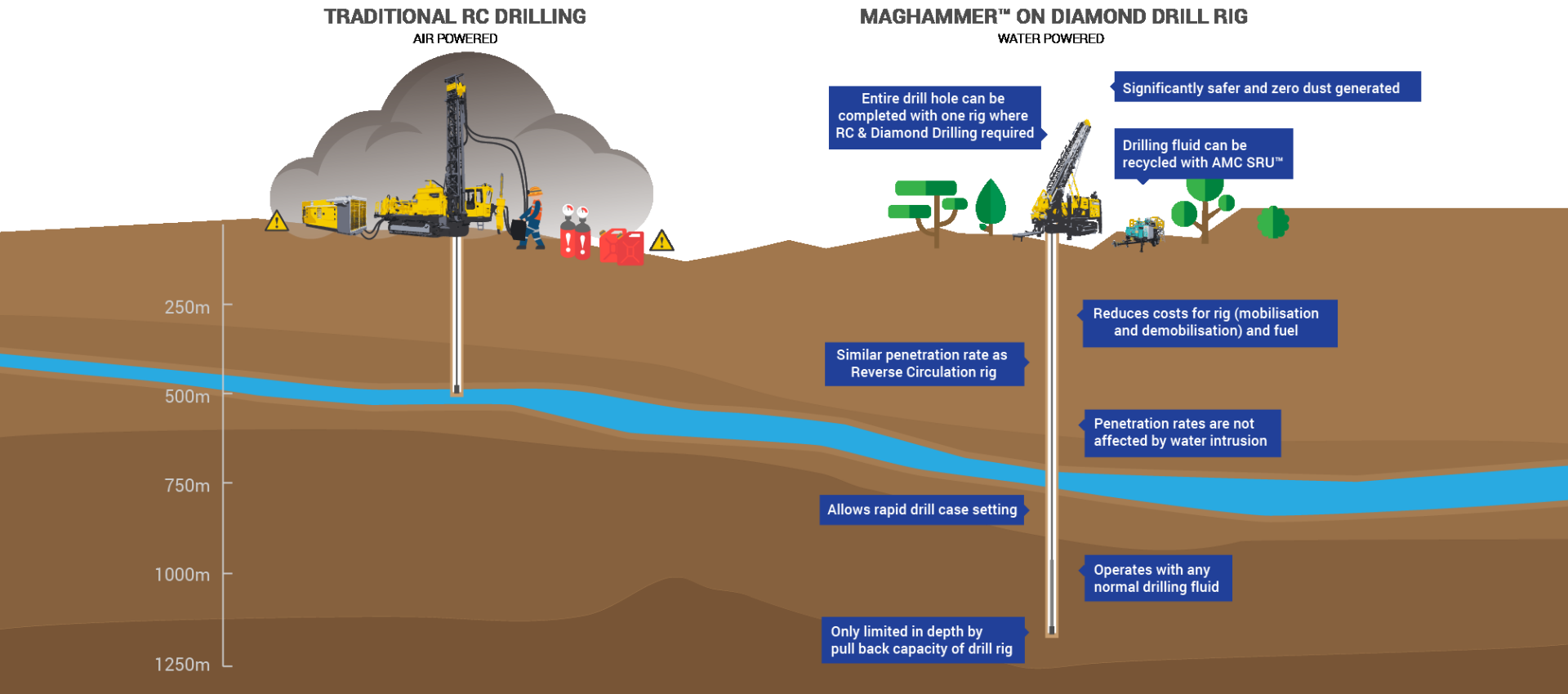
- 
- Limited technology risk
  - Successfully reduced engineering risk – more robust
  - Significantly reduced CAPEX – improved cash flow
  - Conducting client trials in varying geological conditions to de-risk the project further
  - Manufacturing and distribution fits well within IMDEX's capabilities



# MAGHAMMER™

## Technology overview

The MAGHAMMER™ enables a new way of drilling – the benefits of fast percussive RC drilling on a diamond drill rig.



## Project update

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- Development is progressing well, project timeline has always trailed COREVIBE™
- Initial market – pre-collar work that requires fast drilling through non-mineralized ground / overburden
- Strong industry demand for greater productivity – drilling is becoming deeper and more expensive
- Unique technology with strong IP protection – no direct competitors
- Doesn't cannibalize existing product offering
- Commercial prototype trials commence in 2H FY20
- Ability to leverage our existing cost base and infrastructure globally
- Manufacturing and distribution fits well within IMDEX's capabilities

# Drill & Blast

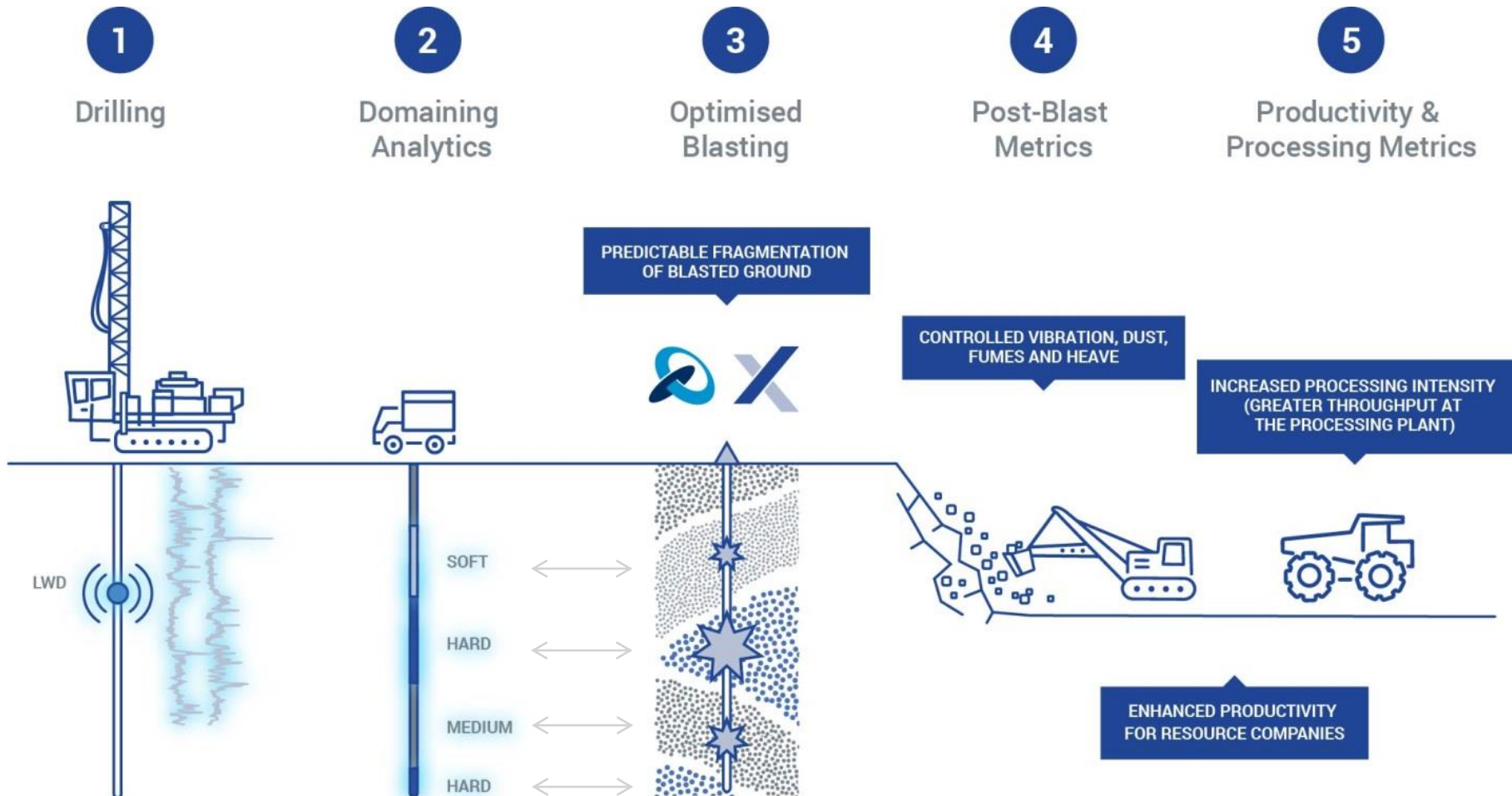
## Technology overview



- Co-development project with Orica
- Orica is the world's largest provider of commercial explosives and innovative blasting systems - BlastIQ™
- IMDEX is a leader in subsurface intelligence solutions – Blast DOG™
- Together we are optimising blasting outcomes based on high-resolution 3D material models and material tracking in the pit
- Technology can maximise revenue for clients by increasing mine to mill efficiency

# Drill & Blast

## Precision Mining



# Drill & Blast

## Benefits for IMDEX

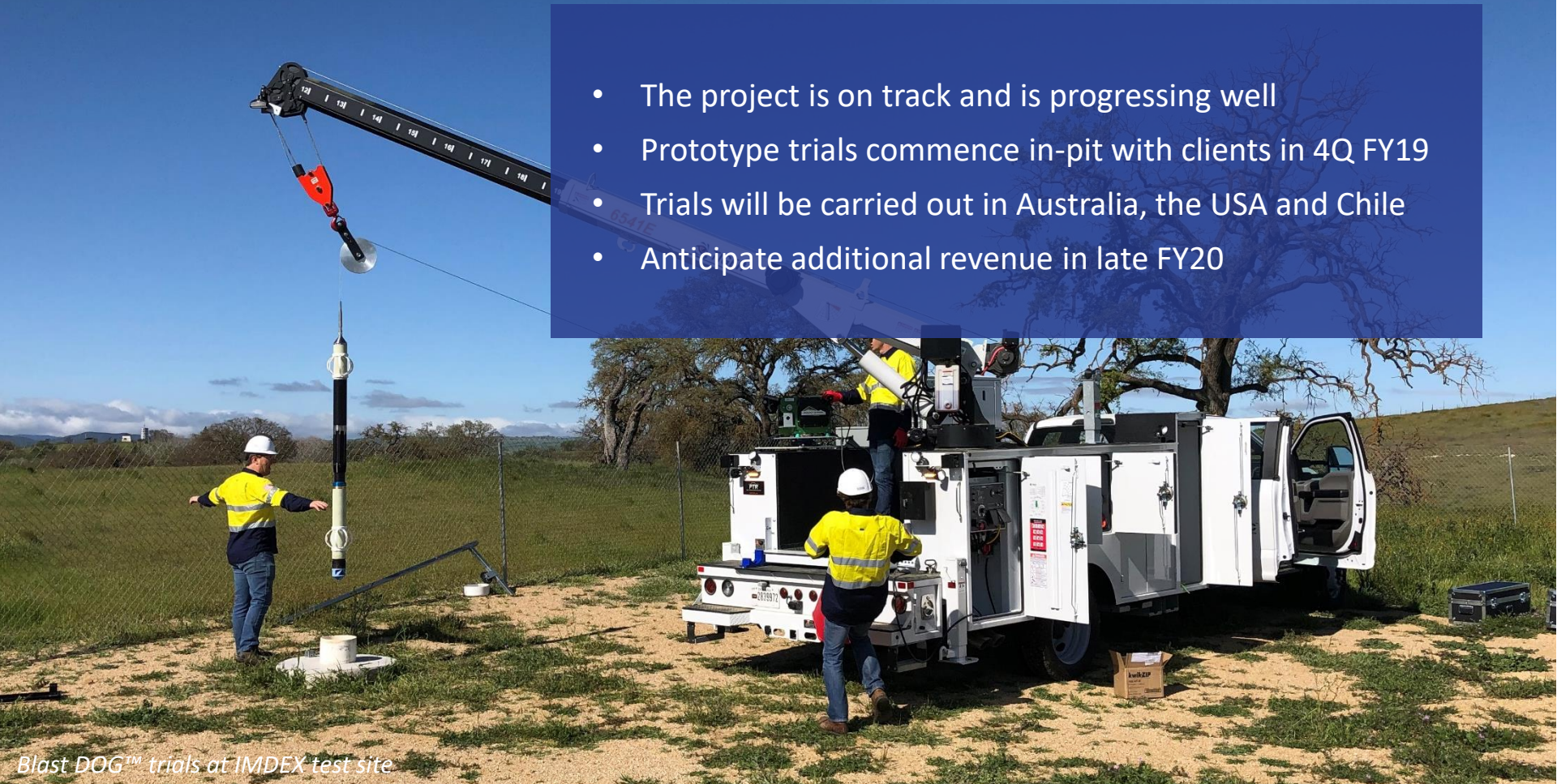


- Market extension – production phase is less cyclical than exploration
- Leverages our existing technology and engineering expertise into production
- Substantial addressable market – 6000 blasts per day
- Commodity agnostic
- Potential for underground applications
- Strong need for industry change
- Potential to provide IMDEX additional global rental revenue, which is more sustainable throughout the cycles, from FY20

# Drill & Blast

## Timeframes

- The project is on track and is progressing well
- Prototype trials commence in-pit with clients in 4Q FY19
- Trials will be carried out in Australia, the USA and Chile
- Anticipate additional revenue in late FY20



*Blast DOG™ trials at IMDEX test site*

# Drill & Blast

## Project Risk

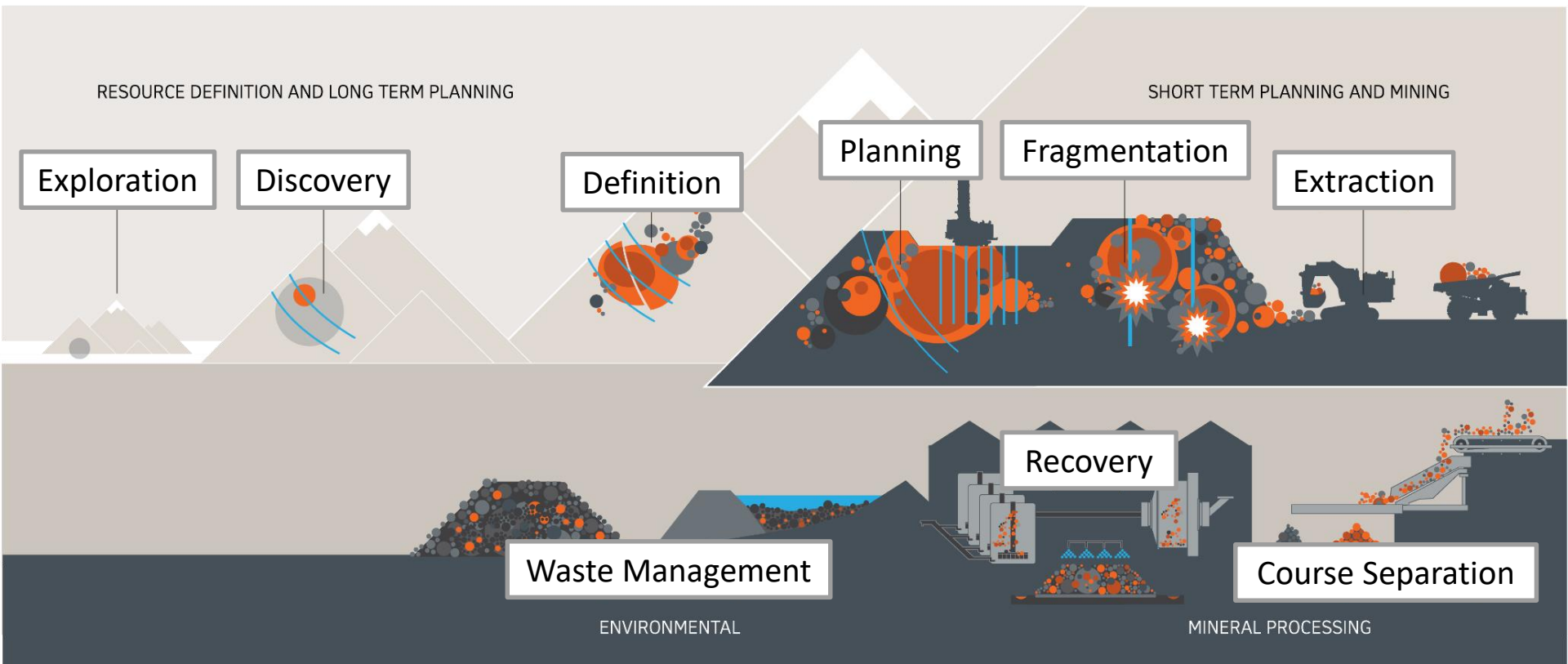


*Blast DOG<sup>TM</sup> trials at IMDEX test site*

- Limited technology risk
- Project clearly delineated, no crossover of IP – agreement in place with Orica
- Market adoption requires a change in workflows
- Strong support from industry partners. Simultaneously working with Orica, Anglo American and Teck Resources to optimise the technology with their operations
- Manufacturing and distribution fits well within IMDEX's capabilities

# End-to-End Solutions

Operating across the whole mining value chain



Source: CRC-ORE



# Summary & Outlook

- Benefiting from steady recovery in exploration spend
- Strong earnings growth over last 2-3 years – 1H FY19 increased revenue by 19% and EBITDA by 25%
- 3Q FY19 revenue up on pcp
- 1H FY19 fully-franked interim dividend declared of 0.8 cents per share
- Strong cash conversion and robust balance sheet – 1H FY19 net cash position of \$20.6m
- Entered Secondary Option Period to progress COREVIBE<sup>TM</sup> and MAGHAMMER<sup>TM</sup> towards commercialisation – expected to generate additional revenue and earnings from FY20
- Entry into the less cyclical production stage of mining cycle via Drill & Blast Project – prototypes being trialled in-pit with clients from 4Q FY19

# Summary & Outlook

## Continued

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- Continuing to enhance technical leadership – delivering additional benefits (not commoditised consumables) to clients via integrated solutions
- Positioned to benefit from long-term industry dynamics – resources depleting, declining ore grades and new discoveries likely to be under ground cover and at depth
- Increasing industry demand for drilling productivity technologies and innovation to lower costs, increase productivity and safety
- Strong position to leverage unique competitive position as a leading METS company with established global platform
- Experienced management team focused on achieving sustainable earnings growth for shareholders

# Appendices

# Balance Sheet

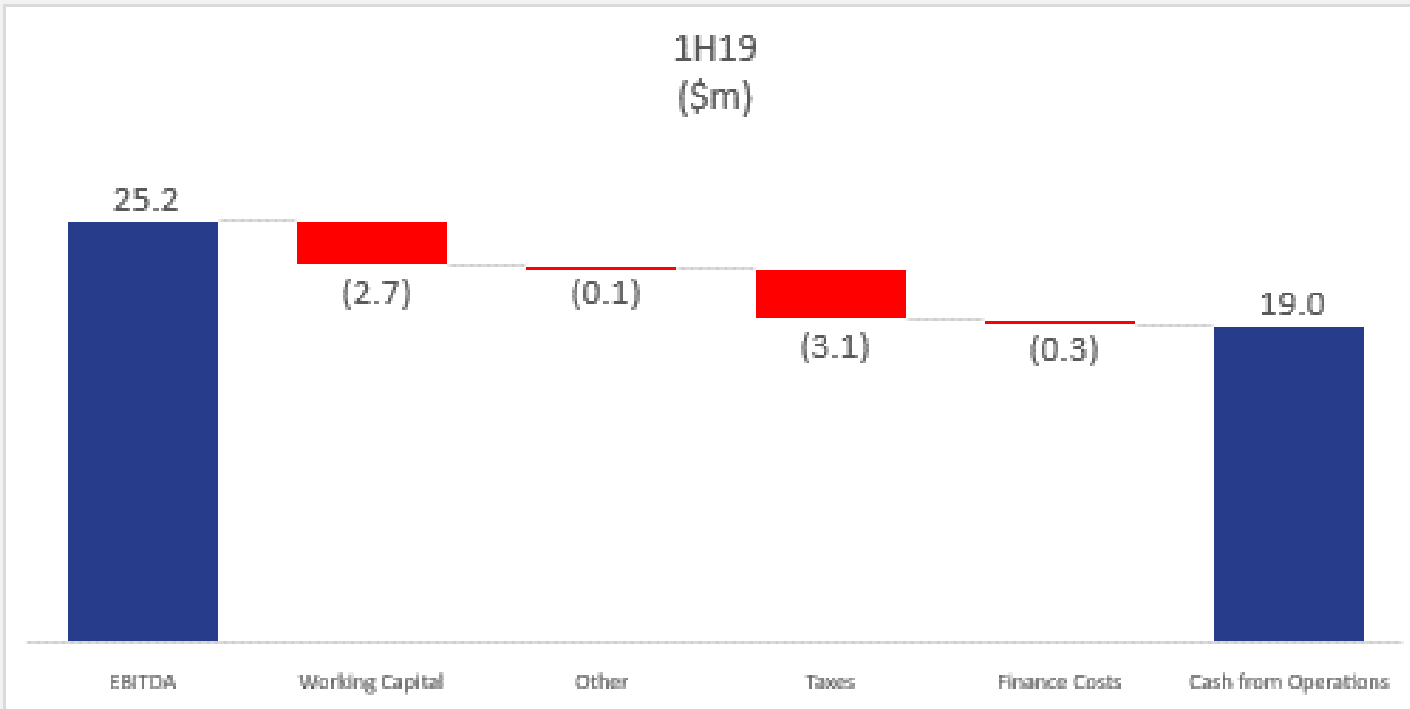
As at 31 December 2018

\$m	31 DEC 18	30 JUN 18
Cash	26.8	13.9
Receivables	46.5	49.3
Inventory	37.7	33.6
Fixed assets	38.1	36.5
Intangibles	59.6	59.5
Other assets / deferred tax	32.9	33.3
<b>TOTAL ASSETS</b>	<b>241.6</b>	<b>226.1</b>
Payables	24.0	26.4
Bank loans	6.1	5.9
HP finance	0.1	0.2
Other liabilities, provisions, current tax	8.6	7.5
<b>TOTAL EQUITY</b>	<b>202.8</b>	<b>186.1</b>

- Robust balance sheet
- Conservatively geared with strong net cash position \$20.6m
- Receivables exceeded payables by 94%
- Net asset position improved further as at 31 December 2018
- Fully-franked interim dividend declared of 0.8 cents per share – 22% 1H19 NPAT payout ratio
- Committed to sustainable dividend policy – investing in core R&D and transformational initiatives

# Working Capital

## Positive cash flow conversion



- Cash flow from operations improved substantially on pcp
- Normal working capital investment ratio of 30c to 35c for every incremental dollar of revenue expected for full year

# Established Global Business

Operational leverage – we are where the money is being spent



# Core Product Development

## Protecting and growing market share

Our ongoing investment in core product R&D ensures we maintain and enhance our technical leadership and protect and grow our market share.



- World-class R&D facilities and excellent internal capabilities
- Market leading global brands – AMC and REFLEX
- Products and proprietary technologies have a reputation for quality and ease-of-use
- IMDEXHUB-IQ<sup>TM</sup> – enables real-time information
- IMDEX / Seequent partnership allows real-time 3D visualisation
- Unique integrated IMDEX solutions provide additional value to clients across their projects' lifecycles

# World Mineral Exploration

## World Exploration Trends 2018 in Numbers



**US\$10.1**

billion budget total;  
growth of 20%



**1,651**

companies with budgets



**5-10%**

forecast increase in 2019;  
a third consecutive year

**50%**  
targeting  
gold



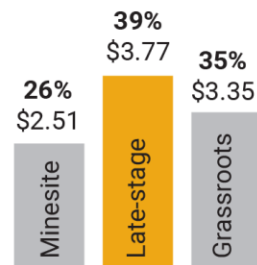
**22%**  
targeting  
copper



**7%**  
targeting  
lead zinc

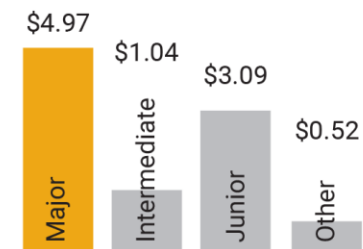


Grassroots lags  
late stage still (US\$B)



**0.5%**  
revenue reinvested into  
grassroots exploration

Majors still dominate  
exploration spend (US\$B)



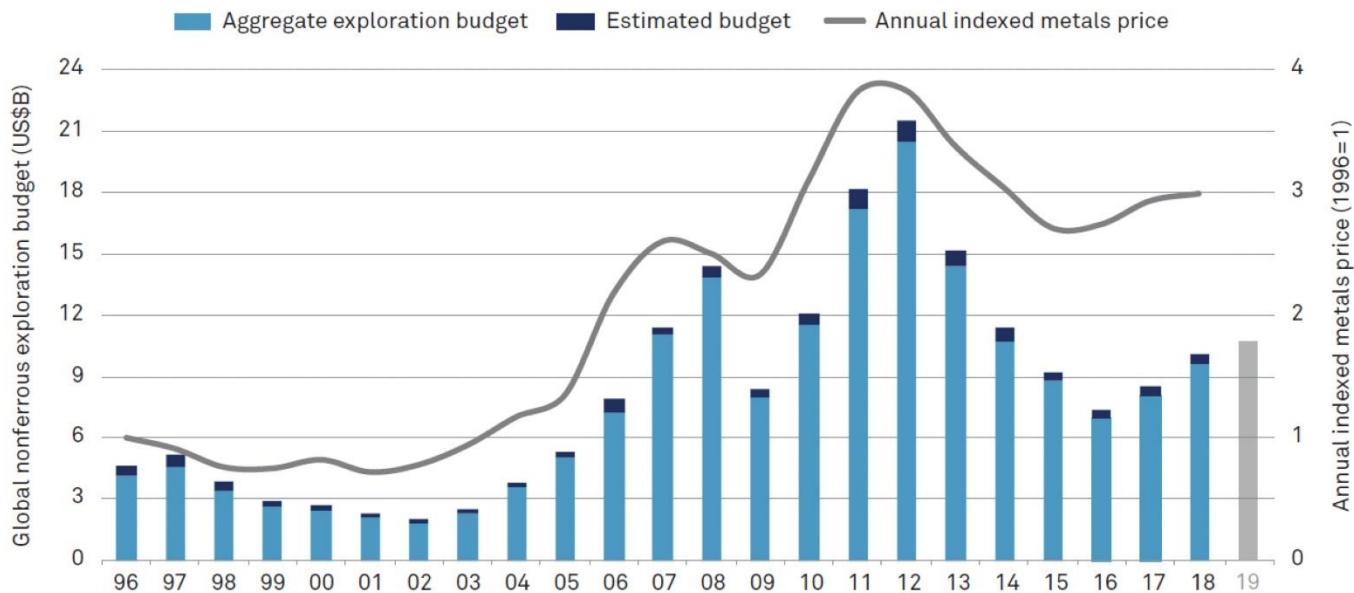
**US\$2.9 billion**  
raised primarily for  
exploration in 2018



# World Mineral Exploration

## Review and outlook

Nonferrous exploration budgets, 1996-2018



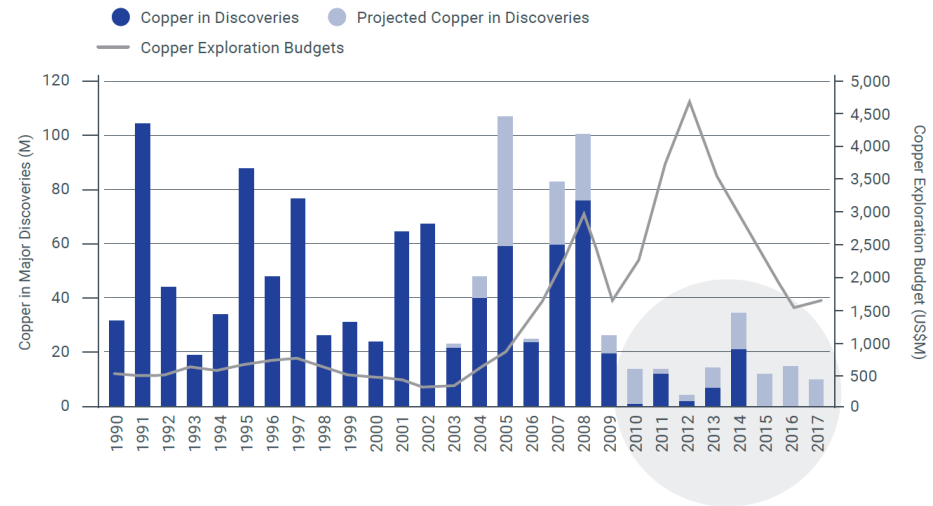
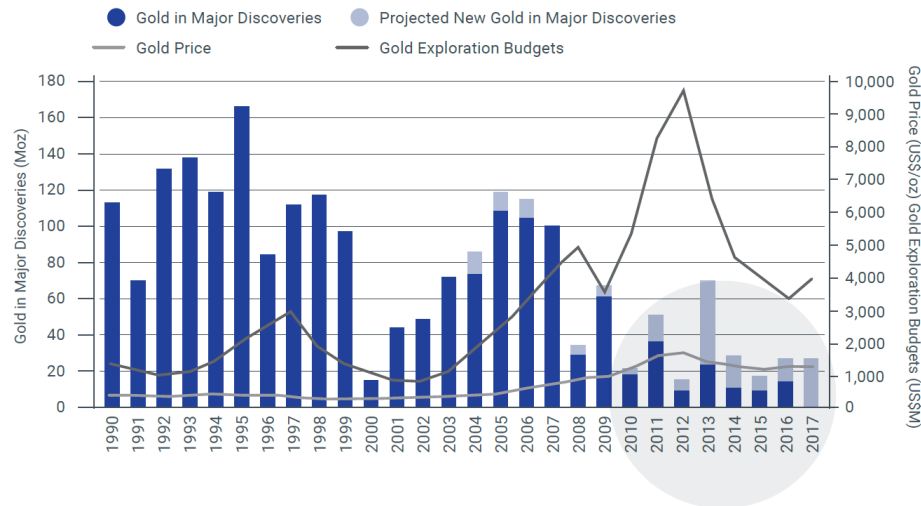
Source: S&P Global Market Intelligence

- CY16 the low point in the cycle
- The new cycle is expanding at a measured rate
- Commodity prices support investment in exploration/development

S&P forecast  
5% - 10%  
Increase in  
CY19 over  
CY18

# Major Discoveries

## Gold and Copper 1990 – 2017



Source: S&P Global Market Intelligence

Death of recent discoveries – easy deposits have been found

License to operate is an increasing challenge

New mines – **under ground cover, deeper, more drilling**, higher costs and longer development times

# Company Snapshot

As at 31 December 2018

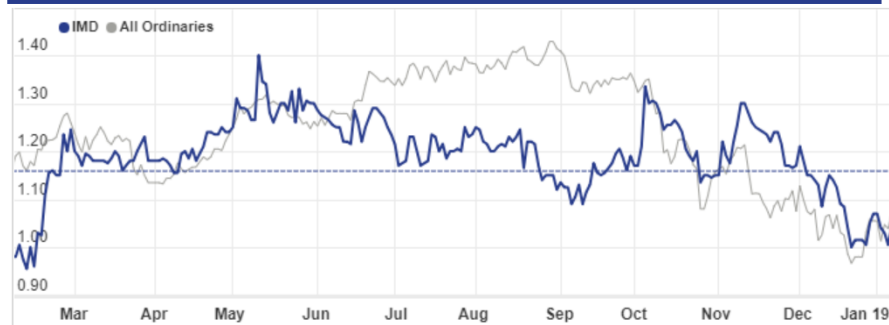
## Corporate Information

ASX listed		IMD
Share price	\$	1.07
Issued shares	m	376.3
Market cap	\$m	402.6

## Share Register Analysis of top 50 Shareholders

Institutions	66.85%
Employees, directors & company related parties	3.27%
Corporate holders	0.01%
Private shareholders	5.78%
Brokers & banks	13.27%

## Share Price – 12 month Trend



## Largest Shareholders

Largest Shareholders	Shares (m)	%
Perennial Value Management	45.98	12.22
Fidelity Investments – US	25.81	6.86
L1 Capital	16.49	4.38
Morgan Stanley & Co International Ltd	15.33	4.08
BT Investment Management	14.37	3.82

# Board of Directors

## High-functioning team



**Mr Anthony Wooles** BCom, MBA (Finance)

- Non-Executive Chairman
  - Appointed to the Board 1 July 2016
- 



**Mr Bernard Ridgeway** B.Bus (ACCTG) ACA

- Managing Director
  - Appointed to the Board 23 May 2000
- 



**Mr Kevin Dundo** BCom, LLB

- Non-Executive Director
  - Appointed to the Board 14 January 2004
- 



**Ms Sally-Anne Layman** B Eng (Mining), Hon, BCom

- Non-Executive Director
  - Appointed to the Board 6 February 2017
- 



**Mr Ivan Gustavino** B.Bus

- Non-Executive Director
- Appointed to the Board 1 July 2015

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